

STATE OF WASHINGTON



OFFICE OF  
INSURANCE COMMISSIONER

*In the Matter of*

Cleo E. Chittenden,

*Licensee.*

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No. D 06-153

**ORDER REVOKING LICENSE**

To: Cleo E. Chittenden  
PO Box 7187  
Kent, WA, 98042

**IT IS ORDERED AND YOU ARE HEREBY NOTIFIED** that your license is **REVOKED**, effective March 29, 2006, pursuant to RCW 48.17.530(1)(b), (d), (e), (h), and 48.17.540(2).

**THIS ORDER IS BASED ON THE FOLLOWING:**

1. Cleo E. Chittenden (hereinafter "Chittenden") has been licensed to sell property and casualty insurance since September 13, 2002.
2. On or about October 6, 2005, the Office of the Insurance Commissioner received a letter from Scottie Moffett, Chittenden's supervisor at Balcos Insurance Inc. Ms. Moffett (hereinafter "Moffett") reported that on or about May 23, 2005, Scott Sanford of Sanford Construction (hereinafter "Sanford") had asked Chittenden to help him acquire a bond and general liability insurance for his business. Chittenden instructed Sanford to bring \$1464.82 in cash to pay for the bond and insurance policy. Chittenden accepted the cash from Sanford, and issued a receipt. The Balcos agency never received the premium funds from Chittenden, the client identifier and receipt were deleted from the agency's computer system, and Chittenden failed to obtain either the bond or the insurance policy for Sanford.
3. Chittenden left the Balcos agency without notice after receiving her paycheck on August 31, 2005. She subsequently returned her keys by mail without explanation.
4. The Balcos Insurance agency subsequently secured coverage for Sanford at the agency's expense.
5. Chittenden violated the following regulations and provisions of the insurance code:
  - a. By deleting the record of the Sanford transaction and deleting the receipt in the Balcos computer, Chittenden violated RCW 48.17.480(1).

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- b. By failing to account for and pay the funds received from Sanford to the Balcos agency, Chittenden violated RCW 48.17.480(2)-(3). Under these statutes, Chittenden's misconduct constitutes a breach of her fiduciary duty to account for and pay the funds to the agency.
  - c. By diverting the funds paid by Sanford for the insurance policy to her own use, Chittenden violated RCW 48.17.480(4), conduct which constitutes theft under chapter 9A.56 RCW.
  - d. By willfully collecting premium from Sanford and failing to provide Sanford with the requested bond and insurance coverage, Chittenden violated RCW 48.30.190(1), conduct which constitutes a felony or misdemeanor.
  - e. By failing to deposit the cash received from Sanford into a separate account dedicated to receive fiduciary funds, Chittenden violated WAC 284-12-080(6)(b).
6. RCW 48.17.530 provides that: (1) The Commissioner may suspend, revoke, or refuse to issue any license . . . for any cause specified in any other provision of this code, or for any of the following causes:
- (b) If the licensee . . . willfully violates . . . any provision of this code . . . .
  - (d) If the licensee . . . has misappropriated or converted to his own use or has illegally withheld moneys required to be held in a fiduciary capacity;
  - (e) If the licensee . . . has, with intent to deceive, materially misrepresented the . . . effect of any insurance contract; or has engaged in . . . any fraudulent transaction;
  - (h) If the licensee or applicant has shown himself to be, and is so deemed by the commissioner, incompetent, or untrustworthy, or a source of injury and loss to the public.

By reason of your conduct, you have shown yourself to be, and are so deemed by the commissioner, untrustworthy and a source of injury and loss to the public and not qualified to be an insurance agent in the State of Washington. Accordingly, your license is revoked pursuant to RCW 48.17.530(1) (b), (d), (e), and (h).

**IT IS FURTHER ORDERED** that you return your insurance agent's license certificate to the Commissioner on or before the effective date of the revocation of your license, as required by RCW 48.17.530(4).

**NOTICE CONCERNING YOUR RIGHT TO A HEARING.** Please note that a detailed summary of your right to contest this Order is attached. Briefly, if you are aggrieved by this Order, RCW 48.04.010 permits you to demand a hearing. Pursuant to that statute and others: You must demand a hearing, in writing, within 90 days after the date of this Order, which is the day it was mailed to you, or you will waive your right to a hearing. Your demand for a hearing must specify briefly the reasons why you think this Order should be changed. If your demand for a hearing is received by the Commissioner before the effective date of the revocation, then the revocation will be

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stayed (postponed) pending the hearing, pursuant to RCW 48.04.020. Upon receipt of your demand for hearing, you will be contacted by an assistant of the Chief Hearing Officer to schedule a teleconference with you and the Insurance Commissioner's Office to discuss the hearing and the procedures to be followed.

Please send any demand for hearing to Insurance Commissioner, attention John Hamje, Deputy Insurance Commissioner, Office of the Insurance Commissioner, P.O. Box 40257, Olympia, WA 98504-0257.

ENTERED AT TUMWATER, WASHINGTON, this 9<sup>th</sup> day of March, 2006.

MIKE KREIDLER  
Insurance Commissioner

By

JOHN F. HAMJE  
Deputy Insurance Commissioner  
Consumer Protection Division

cc: Ken Combs, Investigator

**DECLARATION OF MAILING**

I certify under penalty of perjury under the laws of the State of Washington that on the date listed below, I mailed or caused delivery of a true copy of this document to ***Cleo E. Chittenden***.

Dated: March 9, 2006

At Tumwater, Washington

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Victoria Estrada